

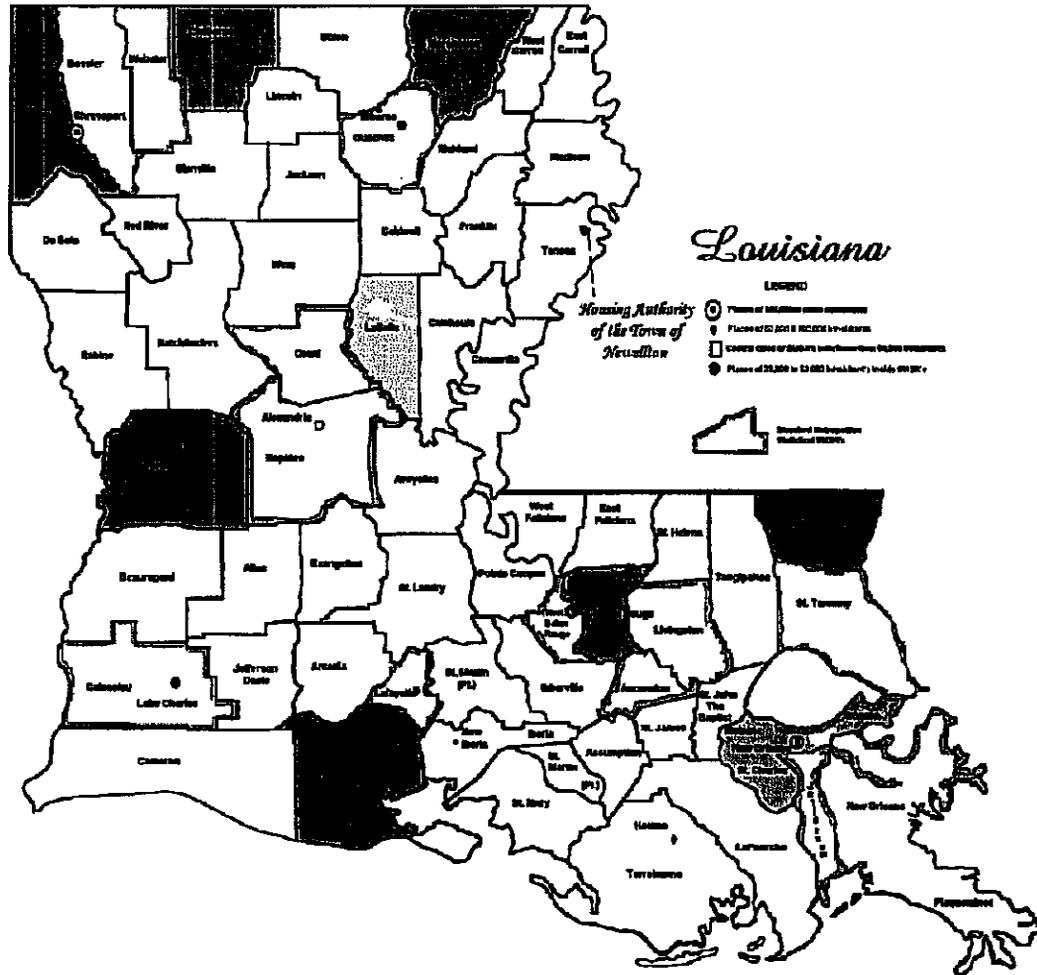
**HOUSING AUTHORITY
OF THE
TOWN OF NEWELLTON, LOUISIANA**

**Annual Financial Statements
June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-13-06

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON NEWELLTON, LOUISIANA



* The Newellton Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Newellton Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**Table of Contents
June 30, 2006**

	<u>Page No.</u>
Management's Discussion and Analysis.....	1-3
Independent Accountant's Report.....	4
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	5-7
Basic Financial Statements	
Statement of Net Assets.....	9
Statement of Revenues, Expenses, and Changes In Net Assets – Proprietary Funds.....	10
Statement of Cash Flows.....	11
Notes to the Basic Financial Statements.....	12-16
Other Supplemental Schedules	
Schedule of Compensation Paid to Board Members.....	18
Other Reports	
Management Letter Comments.....	20
Management's Summary of Prior Year Findings.....	21

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis
June 30, 2006**

As management of the Housing Authority of the Town of Newellton, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$16,380 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$16,228.

The Authority's cash balance at June 30, 2006 was \$18,997.

The Authority had total revenue of \$411,053 in which \$410,328 was operating revenue and \$725 was non-operating revenue.

The Authority had total expenses of \$395,479, leaving a total change in net assets of \$15,574.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) basic financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are required to be presented as the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Authority is reported as proprietary fund type.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2006**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended June 30, 2006.

Statement of Net Assets

	<u>FYE 2005</u>	<u>FYE 2006</u>	<u>% Change</u>
Current Assets	\$ 3,049	\$ 18,997	523%
Capital Assets Net of Depreciation	526	152	-71%
Total Assets	<u>3,575</u>	<u>19,149</u>	436%
Current Liabilities	739	739	0%
Non-Current Liabilities	2,030	2,030	0%
Total Liabilities	<u>2,769</u>	<u>2,769</u>	0%
Invest in Capital Assets	526	152	-71%
Unrestricted Net Assets	280	16,228	5,696%
Total Net Assets	<u>\$ 806</u>	<u>\$ 16,380</u>	1,932%

Cash

Cash increased by \$15,948 as of June 30, 2006. The primary source of the increase is due to the increase in HUD grants.

Net Assets

The Authority's unrestricted net assets increased by \$15,948 for the current year.

The table below lists the revenue and expense comparisons for the year ended June 30, 2006.

Statement of Revenues, Expenses, & Change in Net Assets

	<u>FYE 2005</u>	<u>FYE 2006</u>	<u>% Change</u>
Revenue			
Tenant Revenue	\$ 908	\$ -0-	-100%
HUD Operating Grant	395,401	410,328	4%
Investment Income	542	725	34%
Total Revenue	<u>396,851</u>	<u>411,053</u>	4%
Expenses			
Administrative	50,183	49,161	-2%
General Expenses	12,392	15,214	23%
Housing Assistance Payments	339,550	330,730	-3%
Depreciation	417	374	-10%
Total Expenses	<u>402,542</u>	<u>395,479</u>	-2%
Change In Net Assets	<u>(5,691)</u>	<u>15,574</u>	374%
Net Assets – Beginning	6,497	806	-88%
Net Assets – Ending	<u>\$ 806</u>	<u>\$ 16,380</u>	1,932%

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2006**

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies. The Authority's revenues increased by \$14,202, mainly due to an increase in overall grants. Expenses decreased by \$7,063.

Capital Asset & Debt Administration

Capital Assets

As of June 30, 2006 the Authority's investment in capital assets was \$152 (net of accumulated depreciation). This investment included buildings, building improvements, office equipment, and maintenance equipment.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2007 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Newellton
PO Box 1021
Newellton, LA 71357-1021
(318) 467-2151

JOHN R. VERCHER PC
Certified Public Accountant

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

INDEPENDENT ACCOUNTANT'S REPORT

Housing Authority of the Town of Newellton, Louisiana

I have reviewed the accompanying financial statements of the major fund of the Housing Authority of the Town of Newellton, Louisiana as of and for the year ended June 30, 2006, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the Town of Newellton, Louisiana's management.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Housing Authority personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report, dated November 20, 2006, on the results of my agreed-upon procedures.

The management's discussion and analysis and supplemental schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

John R. Vercher PC

Jena, Louisiana
November 20, 2006

JOHN R. VERCHER PC

Certified Public Accountant

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Housing Authority of the Town of Newellton, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of the Town of Newellton and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Housing Authority of the Town of Newellton's compliance with certain laws and regulations during the year ended June 30, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*My review found no expenditures for public works exceeding \$100,000 or expenditures for materials and supplies exceeding \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

*I obtained a list from the PHA.

3. Obtain from management a listing of all employees paid during the period under examination.

*I obtained a listing of all employees from the PHA.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

*None of the employees included on the list of employees provided by PHA appeared on the list provided by PHA in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

*The PHA is an enterprise fund and budgeting is not required. The PHA prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

6. Trace the budget adoption and amendments to the minute book.

*Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

*Not applicable.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and :

(a) trace payments to supporting documentation as to proper amount and payee;

*I randomly selected six disbursements using a random number generator. I examined supporting documents for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

*All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

*All of the payments received approval from proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

*Inquiries of management found that notices were posted at the business office of the PHA of the meetings' time, place, and agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

*I reviewed the books and records of the PHA and found no deposits or entries that appeared to be loans.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

*My review of the payroll records and discussions with PHA personnel found no evidence of bonuses, advances or gifts being made.

The prior year report, dated November 18, 2005, included two management letter comments.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Housing Authority of the Town of Newellton and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John R. Vercher PC

Jena, Louisiana
November 20, 2006

Basic Financial Statements

Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Net Assets
June 30, 2006

	ENTERPRISE FUNDS
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 18,997
Receivables (Net of Allowances For Uncollectables)	-0-
TOTAL CURRENT ASSETS	18,997
NON-CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	152
TOTAL NON-CURRENT ASSETS	152
TOTAL ASSETS	19,149
CURRENT LIABILITIES	
Accounts Payable	-0-
Accrued Compensated Absences	739
TOTAL CURRENT LIABILITIES	739
NON CURRENT LIABILITIES	
Accrued Compensated Absences	2,030
TOTAL NON CURRENT LIABILITIES	2,030
TOTAL LIABILITIES	2,769
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	152
Unrestricted	16,228
TOTAL NET ASSETS	\$ 16,380

See accountant's report.
The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Revenues, Expenses, & Changes In
Net Assets – Proprietary Funds
Year Ended June 30, 2006**

	ENTERPRISE FUND
OPERATING REVENUES	
HUD PHA Operating Grant	\$ 410,328
TOTAL OPERATING REVENUE	410,328
 OPERATING EXPENSES	
Housing Assistance Payments	330,730
Administration	49,161
Other General Expenses	10,714
Auditing	4,500
<i>Depreciation</i>	<i>374</i>
TOTAL OPERATING EXPENSES	395,479
 OPERATING INCOME (LOSS)	14,849
 NONOPERATING REVENUE (EXPENSE)	
Interest Earnings	725
TOTAL NONOPERATING REVENUE (EXPENSES)	725
 CHANGE IN NET ASSETS	15,574
 TOTAL NET ASSETS – BEGINNING	806
TOTAL NET ASSETS - ENDING	\$ 16,380

See accountant's report.
The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Cash Flows
Year Ended June 30, 2006**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ -0-
Receipts From HUD	410,328
Payments to Employees	(31,605)
Payments to Suppliers	(32,770)
Payments to Private Landlords	(330,730)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,223
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidy From Federal Grants	-0-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-0-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Other	-0-
Acquisition & Construction of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-0-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	725
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	725
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	15,948
CASH, BEGINNING OF YEAR	3,049
CASH, END OF YEAR	18,997
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	14,849
Depreciation Expense	374
(Increase) Decrease in Accounts Receivable	-0-
Increase (Decrease) in Accounts Payable	-0-
Increase (Decrease) in Compensated Absences	-0-
TOTAL ADJUSTMENTS	374
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,223
LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ -0-

See accountant's report.
The accompanying notes are an integral part of this statement

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Housing Authority of the Town of Newellton have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the housing authority to function in such city or parish. The Housing Authority of the Town of Newellton is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Newellton, serve a term of four years.

The housing authority participates in a Section 8 housing assistance payment program. The housing choice voucher program provides assistance to low-income persons seeking housing by subsidizing rents between residents, and owners of existing private housing. Under this program, the housing authority enters into housing assistance payment contracts with landlords. The program provides for a voucher which can be used by the resident to pay rent to any landlord he chooses.

The housing authority has the following units:

<u>Section 8</u>	<u>Contract Number</u>	<u>Number of Units</u>
Housing Choice Vouchers	FW 2236	129

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the housing authority is legally separate and fiscally independent, the housing authority is a separate governmental reporting entity. The housing authority includes all funds, activities, et cetera, that are within the oversight responsibility of the housing authority.

The housing authority is a related organization of the Town of Newellton since the Town of Newellton appoints a voting majority of the housing authority's governing board. The Town of Newellton is not financially accountable for the housing authority as it cannot impose its will on the housing authority and there is no potential for the housing authority to provide financial benefit to, or impose financial burdens on, the Town of Newellton. Accordingly, the housing authority is not a component unit of the financial reporting entity of the Town of Newellton.

Certain units of local government over which the housing authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying basic financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the housing authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

B. FUNDS

The accounts of the housing authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The fund of the housing authority is a proprietary fund that accounts for the Section 8 Housing Choice Voucher Program.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The housing authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncement and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the housing authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the housing authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

F. INVENTORIES AND PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. CAPITAL ASSETS

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Portable Buildings	7 years
Furniture & Fixtures	3 years

H. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2006, the housing authority has cash and investments (book balances) totaling \$18,997 as follows:

Demand deposits	\$ 18,997
Total	<u>\$ 18,997</u>

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

These deposits are stated at cost, which is approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

At fiscal year-end, the housing authority's cash and investment bank balances were as follows:

	Demand Deposits		\$ 18,997		
	Total		<u>\$ 18,997</u>		

Type of Investment	Category			Fair Market Value
	1	2	3	
FDIC (Category 1)	\$ 18,997	\$ -0-	\$ -0-	\$ 18,997
Securities (Category 2)	-0-	-0-	-0-	-0-
Total	<u>\$ 18,997</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,997</u>

3. CAPITAL ASSETS

All fixed assets are stated at cost. The fixed assets are depreciated using the straight-line method of depreciation with lives ranging from 5-40 years. Changes in fixed assets are as follows:

	6-30-05	Additions	Deletions	6-30-06
Portable Building	\$ 10,725	\$ -0-	\$ -0-	\$ 10,725
Furniture & Equipment	10,840	-0-	-0-	10,840
Total Capital Assets	<u>21,565</u>	<u>-0-</u>	<u>-0-</u>	<u>21,565</u>
Less Accumulated Depreciation	(21,039)	(374)	-0-	(21,413)
Total Capital Assets, Net of Depreciation	<u>\$ 526</u>	<u>\$ (374)</u>	<u>\$ -0-</u>	<u>\$ 152</u>

The Town of Newellton has allowed the Housing Authority to use the land, in which the office's portable building is located, rent free.

4. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$2,769 at June 30, 2006 are as follows:

Accrued Compensated Absences	\$ 2,769
Total	<u>\$ 2,769</u>

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

5. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

6. CONTINGENT LIABILITIES

At June 30, 2006, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

7. DEFINED CONTRIBUTION PLAN

The housing authority provides pension benefits for all of its full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the first anniversary date of employment. Each participant in the plan is required to make a monthly contribution equal to five percent of his effective compensation. The employer makes a monthly contribution equal to seven percent of each participant's effective compensation. The housing authority's contribution for each employee (and income allocated to the employee's account) is fully vested after five years of continuous service. The housing authority's contributions for and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the housing authority.

The housing authority currently has only one employee participating in the plan which was established pursuant to board resolution.

The housing authority's total payroll for the fiscal year ended June 30, 2006 was \$29,430. The total payroll for the covered employee was \$20,618. Both the housing authority and the covered employee made the required contributions, amounting to \$2,474.

8. RISK MANAGEMENT

The housing authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the housing authority carries commercial insurance.

9. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$410,328 to the housing authority, which represents approximately 99.8% of the housing authority's revenue for the year.

Other Supplemental Schedules

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2006**

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Edwin Britt	Chairman	\$ -0-
Clara Bass	Commissioner	-0-
Billy Mitchell	Commissioner	-0-
Kenneth Morgan	Commissioner	-0-
David Delaney	Commissioner	-0-

The members of the Board of Commissioners serve without compensation.

See accountant's report.

Other Reports

JOHN R. VERCHER PC

Certified Public Accountant

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

MANAGEMENT LETTER COMMENTS

During the course of my review, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
NEWELLTON, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Newellton, Louisiana has provided the following action summaries relating to review findings brought to their attention as a result of their financial review for the year ended June 30, 2005.

PRIOR YEAR FINDINGS

2005-M-1 Fixed Assets Listing

Finding: There is no official capitalization threshold policy. Also, no items are being tagged.

Authority's Corrective Action: The authority adopted the capitalization policy officially at a board meeting and tagged all fixed assets which the authority owns.

2005-M-2 Compensated Absences

Finding: There is no written documentation of approval of leave for one full time employee by the Board of Commissioners.

Authority's Corrective Action: The authority began to require written documentation which shows all leave taken by the one full time employee has been approved by the Board of Commissioners.

LOUISIANA ATTESTATION QUESTIONNAIRE

JOHN R. VERCHER PC
Certified Public Accountant
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of November 20, 2006 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Signature